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MEMORANDUM FOR: J. Maury

Attached is the briefing I prepared for the CCINC Working Group meeting on 6 Dec. 71. A copy was sent to Walter Minnick, EOB.

STATINTL



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7 December 1971

BRIEFING PAPER: Is the Peoples' Republic of China
Pushing Drugs?

1. Since the summer of 1971 there has been a spate of magazine and newspaper articles in the Western press alleging that Peoples' Republic of China is heavily involved in the international narcotics traffic. Most of these stories feature sensational and highly exaggerated charges. Many can be traced to Chinese Nationalists or other critics of current U.S. policy on China, and can be dismissed as propaganda.

One of the more sensational news stories was the "revelation" in October 1971 by Mohammed Heikal, a close friend of the late President Nasser. Heikal claimed that Chou En-lai confided to Nasser in June 1965 that China was fighting America by supplying U.S. troops in Vietnam with opium.

In commenting on this story one should note that heroin addiction was not a problem with U.S. troops in Vietnam in June 1965, and in fact did not become one until 1970. Further, smoking of opium by U.S. military personnel has not posed a problem in Vietnam.

2. The U.S. Government has no firm evidence indicating that the Peoples' Republic of China has engaged in or sanctioned the illicit export of opium or opium products. Nor is there evidence that China produces heroin. We do know that the government of China has for years officially

forbidden the private production, consumption, and distribution of opium or its derivatives. Stringent controls over opium poppy production and use have been imposed since February 1950. Occasionally we get reports of low reliability indicating some illicit movement of opium from Yunnan province to Burma but tight security controls maintained inside China would seem to preclude any significant illicit cross-border movements.

3. Does the absence of reliable evidence imply that China is secretly involved in the narcotics traffic and has not so far been detected? This is possible but not likely. We have sought and continue to seek information on this question. But from our coverage to date on heroin supplied to U.S. troops in Vietnam and smuggled from the Far East to the U.S. we know with considerable confidence that this heroin is produced in refineries in Hong Kong and in the tri-border area of Laos, Burma, and Thailand and that the people who run the business, wealthy overseas Chinese businessmen, for the most part, are clearly engaged in this traffic because they are pursuing profits rather than political ends. In the past two years U.S. narcotics and customs agents have stepped up their investigation of Far East trafficking centers -- mainly Bangkok, Saigon and Hong Kong -- and, in cooperation with local police, have successfully put a number of trafficking syndicates out of action. Not one investigation into heroin traffic in the Far East in the past two years has uncovered evidence indicating PRC involvement. In every case the traffickers were people engaged in ordinary criminal activity for the usual profit motive. Where the origin of the heroin could be traced, it was invariably to known refineries owned by non-Communist consortiums. The origin of the raw opium can also be traced to abundant production in Burma, Laos and Thailand. We have reliable information on this production and our surveys indicate that raw opium produced in areas not under Communist control is more than enough to account for all the opium

and heroin traded in the Far East. A small amount of the total opium supply does originate in areas under Communist control in Laos and Burma, but even in the aggregate these sources are not important.

4. To sum up, we consider it unlikely that the Peoples' Republic of China has found effective ways of stimulating the flow of narcotics from Asia to the United States in such a manner that their hand does not show. What we do see is the production and movement of narcotics being carried out for profit by the residents of Burma, Laos, and Thailand and by criminal traffickers in Southeast Asia and Hong Kong.

Samples of Recent Press Stories on
Chinese Communist Involvement in Drug Traffic

1. International news agencies gave fairly wide coverage to an anti-Communist exhibition that opened 19 September 1971 in Taipei. It was charged there that Peking is the world's No.1 drug pusher, smuggling 10,000 tons of opium into the Free World each year.

Comment: The general public accepts exaggerated figures like this because it is unaware of the relatively small order of magnitude of opium products moving in the international narcotics traffic. Total world illicit production of opium is about 1,500 tons a year. Half of this is consumed in producing areas. Of the roughly 750 tons that moves into international smuggling channels, the vast majority is eaten or smoked by people in the Middle East or Asia who have traditionally consumed opium and who constitute a much less serious social problem than do heroin addicts. Less than 100 tons of the world's supply of opium is converted into heroin annually. The timing of the Taipei exhibition suggests that it was related to criticism of U.S. China policy.

2. The magazine Human Events on 16 October 1971 published an article by DeWitt S. Copp, entitled "Do Chinese Reds Push Drug Traffic?" which opened as follows:

"A shocking British government document has come into this reporter's hands: it is Great Britain's 1969 estimates of the contribution Communist China makes to the world's illicit production of opium. According to the British, as of two years ago the total illegal world production of the drug from which heroin is derived was '5,000 tons, 1,000 tons coming from the Middle East and minor producers,' the remaining '4,000 tons' emanating from 'Southeast Asia (including Burma, Thailand, and Laos)' and the 'Chinese Peoples' Republic.' Of this amount the official British estimate is '3,500 tons' coming from Red China."

Copp goes on to cite similar allegations from other sources, and then notes the "baffling" refusal of the U.S. Government to recognize the threat Red China poses to the heroin problem in the U.S.

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3. In October 1971 the London Sunday Telegraph published a sensational story, which was picked up by U.S. wire services, to the effect that in June 1965 Chou En-lai had confided to President Nasser that China was fighting America by supplying U.S. troops in Vietnam with opium. This report appeared in a serialized chapter of a political biography of Nasser by Mohammed Heikal, a close friend of Nasser's.

Comment: One should note that heroin addiction was not a problem with U.S. troops in Vietnam in June 1965, and in fact did not become one until 1970. Further, smoking of opium by U.S. military personnel has not posed a problem in Vietnam.

4. On 13 September 1971 Singapore customs police seized more than a ton of raw opium, and described it in their reports as "Yunnan opium." The seizure was reported in newspapers throughout Southeast Asia. Most noted without comment that this was fresh evidence of the movement of opium out of South China. Newspapers in Taiwan made a stronger point about Communist China's involvement. Only a few, such as the K'uai Pao, a Chinese-language newspaper in Hong Kong, made the correct observation that "Yunnan opium" is the description historically given by Singapore police to all opium originating in the general vicinity of Yunnan, and the label does not mean that it comes from Yunnan Province rather than Burma or Thailand.

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JOURNAL

OFFICE OF LEGISLATIVE COUNSEL

Friday - 26 November 1971

25X1A 1. (Confidential - GLC) By way of followup to arrangements made at
the LIG meeting on Wednesday, a classified addendum prepared by [REDACTED]
25X1A Chief, [REDACTED] on the implications of section 513 of the Senate Foreign Aid bill
was forwarded to Assistant Secretary of State for Congressional Relations,
Abshire. This is to be added to a basic paper on the section which is being
prepared for the Foreign Affairs Committee's use in a conference on the House
and Senate versions on the Foreign Aid bill.

25X1A 2. (Internal Use Only - LLM) In the absence of Jim Larocca, spoke
with Carl Perian, Panama Canal Subcommittee staff, House Merchant Marine
and Fisheries Committee, and offered to give him the answers to the questions
posed on Wednesday. Mr. Perian persisted in the idea of a meeting with
25X1A Representative John Murphy (D., N. Y.) on Monday to give the Congressman
the opportunity to ask additional questions, such as on the drug problem in
Panama, even though I told him that (1) all the information we could present
25X1A is available to the agencies testifying before the Subcommittee, and (2) we
could provide no information on the Canal negotiations. I told Perian I would
check to see what we could work out. Messrs. [REDACTED]
[REDACTED] have been alerted.

25X1A [REDACTED]
25X1A Acting Legislative Counsel

cc:

ER O/DDCI

25X1A Mr. [REDACTED]

Mr. Houston Mr. [REDACTED]

Mr. Colby DDI DDS

DDS&T EA/DDP OPPB

Item 2 - OCL, CI

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